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SOME CHEMICAL TRUSTS.

BY

BYRON W. HOLT.

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**The eighteenth in a series of letters issued by the
New England Free Trade League.**

SOME CHEMICAL TRUSTS.

BY ROY W. HUNT.

The eighteenth in a series of lectures issued by the
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SOME CHEMICAL TRUSTS.

ALL PROTECTED BY NON-REVENUE PRODUCING DUTIES.

Wood Alcohol exports at Prices far below those charged to Home Consumers. Paris Green Trust very Peculiar. Comes and goes irregularly, and disappears at the End of the Potato Bug Season. Prices nearly doubled during May and June of Many Years. Tariff prevents Imports and helps Trust.

By **BYRON W. HOLT.**

Although we now manufacture and supply our own market with hundreds of articles which formerly were imported, and although we obtain no revenue from the duties on these articles, yet it is a mistake to conclude, as many have done, that duties on such articles are dead letters, and are not effective. It is these non-revenue producing duties that are most effective in protecting trusts.

Thus the duties on drugs and chemicals, with few exceptions, produce little or no revenue, yet protect hundreds of trusts. Chemical manufacturers and chemical dealers take to trusts as ducks take to water. Combinations, associations, agreements, and understandings are common throughout the entire trade. Manufacturers in similar lines sell by the same schedule of prices; jobbers practically do the same; retail dealers have uniform prices. Druggists in most cities, villages, or counties, have their associations which fix prices on most of the important articles dealt in. Free and open competition, if it ever existed, is a thing of the past in almost every branch of the chemical trade. Chemicals being mainly raw materials or medicine, protective duties upon them are almost certain to become "instruments of extortion."

Some of the "heavy" chemicals which are controlled by substantial trusts are borax, linseed oil, and white lead. Some others con-

trolled by agreements, selling agencies, etc., are Paris green, ultramarine blue, bromine, etc. Nearly everything in the acid line is under control. Thus acetic acid (wood alcohol) is controlled by a monopoly, Manhattan Spirits Company, which sells in this country at nearly double cost price,—present price is 90 cents per gallon for what is estimated to cost less than 50 cents,—and exports its surplus sometimes at prices but little above cost.

In “fine” chemicals there are numerous trusts composed of cliques of manufacturers, which, by means of some form of agreement or understanding, control production and prices of scores of articles. Thus four of our largest manufacturers of chemicals, two in Philadelphia, one in St. Louis, and one in New York, each manufactures about three hundred and fifty articles. Each firm has its own catalogue; but they might as well sell from one catalogue, for their prices are uniform.

Some of the articles manufactured by these firms are iodoform, citric acid, bismuth salts, mercurials,—such as calomel, corrosive sublimate, etc.,—chloroform, resublimated iodine, and iodide of potassium, bichloride of potash, bichromate of soda, santonine, strychnine, Rochelle salts, etc.

The duties on all of the above and on hundreds of similar articles are prohibitive, and serve no purpose except to protect the trusts formed to take advantage of these duties. As usual, the members of these protected trusts are very wealthy; and much of their great wealth has been filched out of the pockets of the people by means of these worse than useless tariff duties. According to the *New York Tribune Almanac* (see “American Millionaires”), William Weightman, of Powers & Weightman, one of the four firms mentioned above, is “considered by many the richest man in Philadelphia.”

Many chemicals are exported, and often at prices considerably below our home prices. But for our inordinate duty and internal revenue tax of 700 or 800 per cent. on alcohol,—the most necessary and costly supply in chemicals,—our chemical industry would probably lead the world.

PARIS GREEN TRUST.

The Paris-green Combine will serve to illustrate many of the chemical trusts, and will be of especial interest to farmers at this season of the year. It is a peculiar trust. It is intermittent, and comes and goes so irregularly that it could never be caught by the worst trust-hating attorney-general, armed with the most severe anti-trust law. It is as delusive as a will-o'-the-wisp.

While Paris green is classified as a paint, its principal use is as an insecticide for killing potato bugs, cotton worms, and various other insects and worms which prey upon vines and trees. The greatest demand for it occurs during the potato bug season in April, May, and June. This fact is very significant and important to those who manipulate the prices, also to the farmers who pay the manipulated prices.

About January 1, 1894, the eight or nine manufacturers (all of New York) signed and sent out a circular, saying to jobbers that jobbing prices would be fixed later, and that all who would agree not to purchase elsewhere and who would then order would be given rebates of from 3 cents per pound on orders of more than ten thousand pounds to 1 cent on orders of less than one thousand and more than five hundred pounds. As prices had not, in five years, exceeded 14 cents per pound, nobody outside the trust supposed that prices would go much higher than formerly. To the surprise of all, prices were marked up to 20 cents about the middle of April, and a month later to 23 cents.

Judging by these prices, 1894 must have been a great year for potato bugs, cotton worms, and protected Paris-green makers. The trade, however, understood that the last increase of prices was made to reward jobbers who bought large supplies from the trust and to punish those who had not done so. It was too late in the season for other chemical manufacturers to adapt their plants to make Paris green; and, besides, it would have been difficult to place the article quickly on the market, nearly all the dealers being pledged to sell only the trust's product. These reasons and the duty of 25 per cent. prevented the large importations which would otherwise have proved profitable. In fact, but for the duty, importers would carry a reasonable supply of imported Paris green, in order to benefit by sudden great demands and high prices.

The exposure of the methods of this trust in June, 1894, when

the Wilson Bill was being discussed in the Senate, caused the duty on Paris green to be reduced from 25 to 12½ per cent. In 1897 Dingley yielded to the behests of the manufacturers only to the extent of raising the duty to 15 per cent. This duty, however, serves the purpose of the trust almost as well as did the 25 per cent. duty; for it compels importers to sell at a loss every year when prices are not raised by the trust.

The 1894 trust dissolved in the fall, and prices were greatly reduced. In the spring and summer of 1895 prices were again raised to from 17½ to 20 cents. In 1896 the trust thought it prudent not to recombine, and prices varied mainly from 11 to 12½ cents per pound. In 1897 the Dingley Bill was pending during the potato bug season, and it was not considered advisable by the manufacturers to repeat the mistake of 1894. Hence prices ruled very low. In the East the drug jobbers sold Paris green at 11½ to 12 cents; while in the West, where, as the *Oil, Paint, and Drug Reporter* of January 24, 1898, tells us, the jobbers "very largely operated under local agreements, . . . the price throughout the season was 13½ cents."

The Dingley rates having been settled, the manufacturers got together again in 1898. On February 28, 1898, the *Oil, Paint, and Drug Reporter* said:—

"The Paris green situation seems to partake of much of the uncertainty that characterizes the bug to whose voracious appetite the delectable poison so successfully appeals. . . . Nobody knows when this pest may be expected by the farmer, and nobody knows what it will cost this year to do him up. After the usual annual announcement that, owing to dissensions among competitors, no combination of manufacturers was possible, the makers of green got together a fortnight ago, and entered into a selling agreement, the only missing feature of the compact, so far as the public is advised, being the price. Up to date, no price has been named, although orders are being booked for delivery later on. . . . Just what that will be is not very clearly foreshadowed, but it is likely to be above the figures of last year."

The trust marked prices up from 11½ to 12 cents on May 2 to 14½ to 18 cents by May 9, and to 14½ to 21 cents by May 23. On May 30 the *Oil, Paint, and Drug Reporter* said: "Not much new business is reported, as the convention's agent is not inclined to sell freely for forward delivery at current prices, which range

from $17\frac{1}{2}$ to $21\frac{1}{2}$ cents, according to style of packing. . . . Foreign makes do not cut any ice in this market, and may be quoted nominal at $15\frac{1}{2}$ cents for kegs."

Regarding the situation in 1899, the *Oil, Paint, and Drug Reporter* of January 16th said: "Chief makers are not inclined to sell freely at 9 to 10 cents. . . . The general impression is that, when the demand comes in spring, all differences will be patched up, and prices will be raised."

By March prices have been marked up to $12\frac{1}{2}$ to 14 cents, where they were held until June 26. This being a bad season and "outside" makers being somewhat numerous and troublesome, the manufacturers did but little in the price juggling line.

The interesting period of 1900 for both manufacturers and consumers is now here; and all are wondering what will happen. Prices are already up to 13 to 15 cents, partly, it is said, because the prices of the basic materials—acetic acid, blue vitriol, and arsenic, all controlled by trusts—are high. The chances are that some of the outsiders who last year made trouble will be admitted into the inner circle, and that prices will again in May and June go to 18 and 20 cents.

The surest and about the only way to injure and possibly to kill this nasty little trust, which has put hundreds of thousands of illegitimate dollars into the pockets of its members, is to put Paris green on the free list.

NEW YORK, March 6, 1900.

